

**IOWA VALLEY  
COMMUNITY COLLEGE DISTRICT**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

**June 30, 2016**

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## OFFICIALS

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
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### Board of Directors

Yvonne Mallory	President	2017
Larry Johnson	Vice President	2019
Deborah Crosser	Member	2019
Deborah Jones	Member	2017
Delbert Kellogg	Member	2017
Paul Pohlson	Member	2019
Chris Brodin	Member	2019

### Community College

Dr. Christopher Duree	Chancellor
Kathleen Pink	Chief Financial Officer and Board Treasurer
Barbara Jennings	Board Secretary

**IOWA VALLEY  
COMMUNITY COLLEGE DISTRICT**



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**Independent Auditor's Report**

To the Board of Directors of  
Iowa Valley Community College District  
Marshalltown, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Iowa Valley Community College District, Marshalltown, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for opinion on the aggregate presented component units.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Financial Statements	Unmodified
Aggregate Discretely Presented Component Units	Disclaimed
Aggregate Remaining Fund Information	Unmodified

### Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Marshalltown Community College District Foundation and Ellsworth College Foundation were not audited, and we were not engaged to audit the Marshalltown Community College District Foundation and Ellsworth College Foundation's financial statements as part of our audit of the District's basic financial statements. The Marshalltown Community College District Foundation and Ellsworth College Foundation's financial activities are included in the District's basic financial statements as discretely presented component units and represent 100% of the assets, net financial position and revenue of the District's aggregate discretely presented component units.

### Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of the Iowa Valley Community College District, Marshalltown, Iowa. Accordingly, we do not express an opinion on these financial statements.

### Unmodified Opinions

In our opinion, based on our audit, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of Iowa Valley Community College District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 12, 41 through 44, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iowa Valley Community College District's basic financial statements. We, and other auditors, previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of Iowa Valley Community College District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards by us. In our opinion, based on our audit and the procedures performed as described above, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2016 on our consideration of Iowa Valley Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Iowa Valley Community College District's internal control over financial reporting and compliance.

*Schnum & Company, LLP*

Fort Dodge, Iowa  
December 7, 2016



**IOWA VALLEY  
COMMUNITY COLLEGE DISTRICT**



## **IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Management of Iowa Valley Community College District (the District) provides this Management's Discussion and Analysis of the District's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

#### **2016 FINANCIAL HIGHLIGHTS**

- District operating revenues decreased approximately \$947,000 compared to 2015. This occurred as a combination of decreases in federal appropriations and Iowa Industrial New Jobs Training Program offset by increases to tuition and fees and miscellaneous revenue.
- District operating expenses decreased 1.5%, or approximately \$546,000 compared to fiscal year 2015. The decrease was primarily due to decreases in Liberal Arts, Adult Education, learning resources, cooperative services and auxiliary enterprises; and increases in vocational technical, administration, student services and physical plant.
- The District's net position increased 8.4%, or approximately \$3,666,000 from fiscal year 2015.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Basic Financial Statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. These provide information about the activities of the District as a whole and present an overall view of the District's finances.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information presents the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the individual funds. The Budgetary Comparison Schedule of Expenditures – Budget to Actual further explains and supports the financial statements with a comparison of the District's budget for the year. The Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

#### *The Statement of Net Position*

The Statement of Net Position presents financial information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. The Statement of Net Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the District to the readers of the financial statements. The Statement of Net Position includes year-end information concerning current and noncurrent assets, deferred outflows of resources, current and noncurrent liabilities, deferred inflows of resources and net position. Over time, readers of the financial statements will be able to determine the District's financial position by analyzing the increases and decreases in net position. This statement is also a good source for readers to determine how much the District owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

#### Net Position

	June 30,	
	2016	2015
Current and other assets	\$ 27,742,774	\$ 26,481,792
Capital assets, net of accumulated depreciation	58,692,533	60,451,482
<b>Total assets</b>	<b>86,435,307</b>	<b>86,933,274</b>
Deferred outflows of resources	863,907	869,619
Current liabilities	10,616,284	10,921,304
Noncurrent liabilities	20,863,080	23,633,652
<b>Total liabilities</b>	<b>31,479,364</b>	<b>34,554,956</b>
Deferred inflows of resources	8,552,842	9,647,246
Net position:		
Net investment in capital assets	44,898,783	42,096,598
Restricted	2,359,882	2,272,189
Unrestricted	8,343	(768,096)
<b>Total net position</b>	<b>\$ 47,267,008</b>	<b>\$ 43,600,691</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES (CONTINUED)

#### *Comparison of Net Position*

The largest portion of the District's net position 95.0% is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net position 5.0% includes resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The remaining net position is the unrestricted net position that can be used to meet the District's obligations as they come due.

**Fiscal Year 2016:** The District made principal payments on certificates, bonds and notes payable totaling approximately \$5,400,000 during fiscal year 2016 and made additional borrowings of \$815,000 in New Jobs Training bonds.

**Fiscal Year 2015:** The District made principal payments on certificates, bonds and notes payable totaling approximately \$12,285,000 during fiscal year 2015. This includes the refunding of a general obligation bond with outstanding principal of \$6,825,000 and the refunding of two revenue bonds with outstanding principal of \$2,625,000. The District issued approximately \$7,420,000 in new bonds related to the refunded debt. \$4,640,000 in new jobs training bonds were also issued in fiscal year 2015.

#### *Statement of Revenues, Expenses and Changes in Net Position*

Changes in total net position as presented in the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues of the District, both operating and non-operating, the expenses incurred by the District, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the District.

In general, a public college, such as Iowa Valley Community College District will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituents of the District. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the District. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES (CONTINUED)

#### *Statement of Revenues, Expenses and Changes in Net Position (continued)*

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase of 8.4%, or approximately \$3,666,000, in net position at the end of the fiscal year.

#### Changes in Net Position

	Year Ended June 30,	
	2016	2015
Operating revenues:		
Tuition and fees	\$ 6,846,492	\$ 6,632,341
Federal appropriations	2,024,386	2,128,175
Iowa Industrial New Jobs Training Program	1,448,910	2,866,008
Auxiliary	4,935,545	4,960,778
Miscellaneous	2,261,143	1,875,715
<b>Total operating revenues</b>	<b>17,516,476</b>	<b>18,463,017</b>
Total operating expenses	36,757,418	37,303,538
<b>Operating (loss)</b>	<b>(19,240,942)</b>	<b>(18,840,521)</b>
Non-operating revenues (expenses):		
State appropriations	10,617,455	11,978,042
Pell grant	3,733,454	4,441,469
Property tax	8,955,930	7,554,817
Interest income from investments	47,721	20,420
(Loss) on disposal of capital assets	(15,382)	-
Interest on indebtedness	(691,302)	(1,020,353)
<b>Net non-operating revenues</b>	<b>22,647,876</b>	<b>22,974,395</b>
Transfers from agency fund	259,383	248,576
<b>Increase in net position</b>	<b>3,666,317</b>	<b>4,382,450</b>
Net position beginning of year	43,600,691	39,218,241
Net position end of year	\$ 47,267,008	\$ 43,600,691

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES (CONTINUED)

#### *Total Revenue by Source*

In fiscal year 2016, operating revenues decreased by approximately \$947,000. The following factors represent the significant changes:

- Tuition and fees increased approximately \$214,000, NJTP decreased approximately \$1,417,000, auxiliary enterprises revenue decreased approximately \$25,000, federal appropriations decreased approximately \$104,000, and miscellaneous revenue increased approximately \$385,000.

#### Operating Expenses

	Year Ended June 30,	
	2016	2015
Education and Support:		
Liberal arts and sciences	\$ 7,723,365	\$ 8,047,681
Vocational technical	3,748,037	3,520,408
Adult education	3,596,413	3,777,356
Cooperative services	1,305,891	2,641,953
Administration	4,070,314	2,962,028
Student services	2,172,111	1,872,598
Learning resources	314,271	368,144
Physical plant	3,192,908	2,968,997
General institution	2,819,916	2,976,277
Auxiliary enterprises	4,859,821	5,322,457
Loan cancellations and bad debt	111,813	98,516
Depreciation	2,842,558	2,747,123
	<u>\$ 36,757,418</u>	<u>\$ 37,303,538</u>

#### *Total Expenses*

In fiscal year 2016, operating expenses decreased by approximately \$546,000. The following factors represent the significant changes:

- Liberal arts and sciences costs decreased approximately \$324,000, vocational technical increased approximately \$228,000, adult education decreased approximately \$181,000, cooperative services decreased approximately \$1,336,000, administration increased approximately \$1,108,000, physical plant increased approximately \$224,000, and auxiliary enterprises costs decreased approximately \$463,000.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES (CONTINUED)

#### *Statement of Cash Flows*

The Statement of Cash Flows is an important tool in helping users assess the District's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital and related financing and investing activities.

#### **Cash Flows**

	<b>Year Ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
Cash provided by (used by):		
Operating activities	\$ (15,599,807)	\$ (16,478,846)
Non-capital financing activities	21,862,637	21,287,165
Capital and related financing activities	(6,388,777)	(4,746,476)
Investing activities	47,721	20,420
<b>Net increase (decrease) in cash</b>	<b>(78,226)</b>	<b>82,263</b>
Cash beginning of year	10,724,611	10,642,348
Cash end of year	<b>\$ 10,646,385</b>	<b>\$ 10,724,611</b>

Cash used by operating activities includes tuition, fees, operating grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, Pell grant, local property tax received by the District, and the receipt and disbursement of federal direct loan program proceeds. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2016, the District had approximately \$59 million invested in capital assets, net of accumulated depreciation of approximately \$34 million. Depreciation charges totaled \$2,842,558 for fiscal year 2016. Details of the capital assets are shown below.

#### Capital Assets, Net, At Year-End

	June 30,	
	2016	2015
Land	\$ 3,463,786	\$ 3,463,786
Construction in progress	452,158	43,640
Buildings	51,378,503	53,537,302
Improvements other than buildings	981,009	917,324
Equipment and vehicles	2,417,077	2,489,430
<b>Totals</b>	<b>\$ 58,692,533</b>	<b>\$ 60,451,482</b>

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

#### Debt

At June 30, 2016, the District had approximately \$19,054,000 in debt outstanding, a decrease of approximately \$4,600,000 from fiscal year 2015. The table below summarizes these amounts by type.

#### Outstanding Debt

	June 30,	
	2016	2015
Certificates payable	\$ 5,260,000	\$ 5,290,000
Notes payable and revenue bonds	13,793,750	18,354,884
	<b>\$ 19,053,750</b>	<b>\$ 23,644,884</b>

More detailed information about the District's outstanding debt is presented in Note 5 to the basic financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **ECONOMIC FACTORS**

Iowa Valley Community College District experienced an increase in the unrestricted general operating fund net position of approximately \$76,000. This is an approximate increase of \$52,000 from the previous fiscal year's increase in unrestricted general operating fund net position of approximately \$24,000.

Economic factors and trends that continue to draw a great deal of scrutiny by the District are:

- All state appropriations decreased approximately \$1,360,000 in fiscal year 2016, a decrease of approximately 11.4%.
- Property tax valuations increased approximately \$160,000,000 or 3.7% for the 2016 collection year.
- Property tax from the 0.2025 fixed-rate levy comprised 3.94% of general operating fund revenue in fiscal year 2016.
- Tuition and fee revenue collections in the general operating fund were consistent and are the largest source of revenue for the fund, representing 49.0% of the total general operating fund revenues. While it is a significant amount of revenue, it is difficult to predict and budget due to the many variables that impact actual enrollment and the tuition and fees generated. Continued tuition rate increases create hardships for individuals seeking a college education and access to life-long learning opportunities.
- Student enrollment for fiscal year 2016 had a decrease of 2.5% in credit hours as compared to fiscal year 2015. In 2015 there was a decrease in credit hours of approximately 6.0%. The District must continue to be aggressive in recruiting and retaining students. The impact of enrollment on the fiscal condition of the District is significant and immediate.
- Industrial New Jobs Training (260E) Projects have provided valuable resources for area business and industry for the expansion and training of their labor forces. With the downturn of the economy in recent years, it has become increasingly difficult for area businesses and industries to meet long-term debt obligation commitments for the 260E projects. This is an area of concern that is continually monitored by the District.
- Labor costs to include health insurance represent 76% of expenditures in the unrestricted general operating fund. Labor costs increased as a result of the collective bargaining negotiated settlement.
- Utilities, custodial, and maintenance costs continue to rise primarily due to recent construction projects that have added a significant increase in physical plant square footage. Utility costs are funded by the fixed rate Plant Fund levy and transfers from the Unrestricted General Operating Fund. Management is utilizing more of the unrestricted operating fund to pay for utilities, which allows for more of the plant fund levy to be used for necessary maintenance and infrastructure expenditures.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Valley Community College District, 3702 South Center Street, Marshalltown, Iowa 50158.

## **BASIC FINANCIAL STATEMENTS**

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF NET POSITION**

**June 30, 2016**

<b>Assets</b>	<b>Primary Institution</b>
<b>Current Assets:</b>	
Cash, cash equivalents and pooled investments	\$ 10,382,043
Restricted cash reserve	264,342
Receivables:	
Accounts, net of allowance of \$5,627,188	2,317,749
Property tax:	
Delinquent	4,623,104
Succeeding year	8,036,458
Due from other governments	1,291,527
Inventories	346,386
Prepaid expenses	481,165
<b>Total current assets</b>	<u>27,742,774</u>
<b>Noncurrent Assets:</b>	
Capital assets, net of accumulated depreciation	58,692,533
<b>Total noncurrent assets</b>	<u>58,692,533</u>
<b>Total assets</b>	<u>86,435,307</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	<u>863,907</u>

(Continued on next page)

**Exhibit A**

<b>Liabilities</b>	<b>Primary Institution</b>
<b>Current Liabilities:</b>	
Accounts payable	\$ 229,144
Salaries and benefits payable	1,653,162
Accrued interest payable	72,691
Advances from grantors	2,034,180
Early retirement payable	579,933
Compensated absences	337,040
Certificates payable	775,000
Notes payable, revenue and general obligation bonds	4,427,500
Deposits held in custody for others	507,634
<b>Total current liabilities</b>	<b>10,616,284</b>
<b>Noncurrent Liabilities:</b>	
Early retirement payable	1,381,538
Net pension liability	5,166,945
Net OPEB liability	463,347
Certificates payable	4,485,000
Notes payable, revenue and general obligation bonds	9,366,250
<b>Total noncurrent liabilities</b>	<b>20,863,080</b>
<b>Total liabilities</b>	<b>31,479,364</b>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	8,036,458
Pension related deferred inflows	516,384
<b>Total deferred inflows of resources</b>	<b>8,552,842</b>
<b>Net Position:</b>	
Net investment in capital assets	44,898,783
Restricted for:	
Expendable:	
Scholarships and fellowships	2,648
Cash reserve	264,342
Loans	(3,500)
Iowa Industrial New Jobs Training Program	176,160
Other	1,920,232
Unrestricted	8,343
<b>Total net position</b>	<b>\$ 47,267,008</b>

See Notes to Financial Statements.

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****Exhibit B****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Year Ended June 30, 2016**

	<b>Primary Institution</b>
Operating revenues:	
Tuition and fees, net of scholarship allowances of \$4,240,755	\$ 6,846,492
Federal appropriations	2,024,386
Iowa Industrial New Jobs Training Program	1,448,910
Auxiliary enterprises revenue	4,935,545
Miscellaneous	2,261,143
<b>Total operating revenues</b>	<b>17,516,476</b>
Operating expenses:	
Education and support:	
Liberal arts and sciences	7,723,365
Vocational technical	3,748,037
Adult education	3,596,413
Cooperative services	1,305,891
Administration	4,070,314
Student services	2,172,111
Learning resources	314,271
Physical plant	3,192,908
General institution	2,819,916
Auxiliary enterprises	4,859,821
Loan cancellations and bad debt	111,813
Depreciation	2,842,558
<b>Total operating expenses</b>	<b>36,757,418</b>
<b>Operating (loss)</b>	<b>(19,240,942)</b>

(Continued on next page)

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****Exhibit B  
(Continued)****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Year Ended June 30, 2016**

	<b>Primary Institution</b>
Non-operating revenues (expenses):	
State appropriations	\$ 10,617,455
Pell grant	3,733,454
Property tax	8,955,930
Interest income from investments	47,721
(Loss) on disposal of capital assets	(15,382)
Interest on indebtedness	(691,302)
	<hr/>
<b>Net non-operating revenues</b>	<b>22,647,876</b>
	<hr/>
	3,406,934
Transfers from agency fund	<hr/>
	259,383
	<hr/>
<b>Change in net position</b>	<b>3,666,317</b>
Net position beginning of year	<hr/>
	43,600,691
Net position end of year	<hr/>
	<b>\$ 47,267,008</b>
	<hr/>
See Notes to Financial Statements.	

## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Exhibit C

## STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

	Primary Institution
Cash Flows from Operating Activities:	
Cash received from tuition and fees	\$ 7,048,473
Cash received from federal appropriations	2,288,199
Cash received from Iowa Industrial New Jobs Training Program	1,448,910
Payments to employees for salaries and benefits	(21,650,187)
Payments to suppliers for goods and services	(11,647,985)
Auxiliary enterprises	4,935,545
Other receipts	1,977,238
<b>Net cash (used by) operating activities</b>	<b>(15,599,807)</b>
Cash Flows from Non-Capital Financing Activities:	
Transfers from agency funds	259,383
State appropriations	10,617,455
Pell grant	3,733,454
Property tax	7,298,560
Federal direct lending receipts	5,223,632
Federal direct lending disbursements	(5,223,632)
Miscellaneous Agency Fund receipts	1,272,104
Miscellaneous Agency Fund disbursements	(1,318,319)
<b>Net cash provided by non-capital financing activities</b>	<b>21,862,637</b>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(1,098,991)
Proceeds from issuance of debt	815,000
Principal paid on debt	(5,406,134)
Interest paid on debt	(698,652)
<b>Net cash (used by) capital and related financing activities</b>	<b>(6,388,777)</b>
Cash Flows from Investing Activities:	
Interest from investments	47,721
<b>Net cash provided by investing activities</b>	<b>47,721</b>
<b>Net increase in cash</b>	<b>(78,226)</b>
Cash and cash equivalents beginning of year	10,724,611
Cash and cash equivalents end of year	<u><u>\$ 10,646,385</u></u>

(Continued on next page)



**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****Exhibit C  
(Continued)****STATEMENT OF CASH FLOWS****Year Ended June 30, 2016**

	<b>Primary Institution</b>
<b>Reconciliation of operating (loss) to net cash (used by) operating activities:</b>	
Operating (loss)	<u>\$ (19,240,942)</u>
Adjustments to reconcile operating (loss) to net cash (used by) operating activities:	
Depreciation	2,842,558
Provision for doubtful accounts	415,282
Changes in assets and liabilities:	
(Increase) in accounts receivable	(385,393)
Decrease in due from other governments	434,397
(Increase) in inventories	(42,072)
(Increase) in prepaid expenses	(2,374)
(Decrease) in accounts payable	(179,660)
(Decrease) in salaries and benefits payable	(15,710)
Increase in net pension liability	954,717
Decrease in deferred outflows of resources	5,712
(Decrease) in deferred inflows of resources	(1,196,082)
Increase in early retirement and net OPEB liability	1,016,295
(Decrease) in compensated absences	(35,951)
(Decrease) in advances from grantors	<u>(170,584)</u>
<b>Total adjustments</b>	<u>3,641,135</u>
<b>Net cash (used by) operating activities</b>	<u><u>\$ (15,599,807)</u></u>
 <b>Summary of Cash, Cash Equivalents and Pooled Investments as of June 30, 2016:</b>	
Cash, cash equivalents and pooled investments	\$ 10,382,043
Cash reserve	<u>264,342</u>
	<u><u>\$ 10,646,385</u></u>

See Notes to Financial Statements.

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**
**Exhibit D**
**COMBINING STATEMENT OF NET ASSETS -  
Component Units - Foundations (Unaudited)  
December 31, 2015**

	<b>Marshalltown Community College District Foundation</b>	<b>Ellsworth College Foundation</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and short-term investments	\$ 862,125	\$ 673,544	\$ 1,535,669
	862,125	673,544	1,535,669
Noncurrent Assets:			
Investments	5,042,561	4,459,701	9,502,262
Capital assets	23,000	430,500	453,500
	5,065,561	4,890,201	9,955,762
<b>Total assets</b>	<b>5,927,686</b>	<b>5,563,745</b>	<b>11,491,431</b>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities	-	300,000	300,000
Net assets:			
Restricted for scholarships and fellowships	672,171	4,734,987	5,407,158
Unrestricted	5,255,515	528,759	5,784,274
<b>Total net assets</b>	<b>\$ 5,927,686</b>	<b>\$ 5,263,746</b>	<b>\$ 11,191,432</b>

See Notes to Financial Statements.

## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Exhibit E

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -  
Component Units - Foundations (Unaudited)  
Year Ended December 31, 2015**

	<b>Marshalltown Community College District Foundation</b>	<b>Ellsworth College Foundation</b>	<b>Total</b>
Revenues:			
Operating revenues:			
Contributions	\$ 591,109	\$ 169,453	\$ 760,562
Special events and grants	54,615	336,890	391,505
<b>Total operating revenues</b>	<b>645,724</b>	<b>506,343</b>	<b>1,152,067</b>
Expenses:			
Operating expenses:			
Scholarships and grants	227,087	157,244	384,331
Miscellaneous	63,382	20,984	84,366
Administration	81,720	268,684	350,404
<b>Total operating expenses</b>	<b>372,189</b>	<b>446,912</b>	<b>819,101</b>
<b>Operating income</b>	<b>273,535</b>	<b>59,431</b>	<b>332,966</b>
Non-operating revenue, investment earnings	23,889	(461,573)	(437,684)
<b>Increase (decrease) in net assets</b>	<b>297,424</b>	<b>(402,142)</b>	<b>(104,718)</b>
Net assets:			
Beginning	5,630,262	5,665,888	11,296,150
Ending	<u>\$ 5,927,686</u>	<u>\$ 5,263,746</u>	<u>\$ 11,191,432</u>

See Notes to Financial Statements.



# IOWA VALLEY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **Note 1. Summary of Significant Accounting Policies**

Iowa Valley Community College District is a publicly supported school established and operated by Merged Area VI under the provisions of Chapter 260C of the Code of Iowa. The District offers programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. It also offers up to two years of vocational or technical education, as well as training or retraining to persons who are preparing to enter the labor market. The District maintains campuses in Marshalltown, Iowa Falls and Grinnell, Iowa, and has its administrative offices in Marshalltown. The District is governed by a Board of Directors whose members are elected from each director district within Merged Area VI.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### **A. Reporting Entity**

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

These financial statements present the District (the primary government) and its component units. The component units discussed below are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. Certain disclosures about the component units are not included because the component units are unaudited. The unaudited financial statements are available at the District.

#### *Discrete Component Units*

Marshalltown Community College District Foundation is a legally separate, not-for-profit foundation. The Foundation was established for the purpose of providing scholarships to students and other support for the benefit of Marshalltown Community College, a part of Iowa Valley Community College District. The Foundation is governed by a separate Board of Directors. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Marshalltown Community College.

Ellsworth College Foundation is a legally separate, not-for-profit foundation. The Foundation was established for the purpose of providing scholarships to students and other support for the benefit of Ellsworth Community College, a part of Iowa Valley Community College District. The Foundation is governed by a separate Board of Directors. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Ellsworth Community College.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### A. Reporting Entity (continued)

The Foundations are non-profit organizations, which report under accounting standards established by the Financial Accounting Standards Board (FASB). The Foundations' financial statements were prepared in accordance with provisions of ASC Topic 958 – Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' financial information in the District's financial reporting for these differences. The Foundations report net assets, which is equivalent to net position reported by the District. Copies of the Foundations' financial statements may be obtained by contacting the Foundations.

#### B. Basis of Presentation

GASB Statement No. 35, establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following net position categories:

Net Investment Capital Assets: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition or improvement of those assets.

Restricted Net Position:

*Nonexpendable* – Net position subject to externally-imposed stipulations that they be maintained permanently by the District, including the District's permanent endowment funds.

*Expendable* – Net position whose use by the District is subject to externally-imposed stipulations that can be fulfilled by actions of the District, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Position: Net position not subject to externally-imposed stipulations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and general programs of the District.

GASB Statement No. 35 also requires the Statements of Net Position, Revenues, Expenses and Changes in Net Position, and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

#### C. Measurement Focus and Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the District have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash, Cash Equivalents and Pooled Investments: Investments are stated at their fair value, except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the date of purchase, have a maturity no longer than three months.

Due from Other Governments: This represents state aid, grants and reimbursements due from the State of Iowa and grants and reimbursements due from the Federal government.

Inventories: Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expense at the time individual inventory items are consumed.

Property Tax Receivable: Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Directors to the appropriate County Auditors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP): This represents the amount to be remitted to the District for training projects entered into between the District and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2016 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets: Capital assets, which include land, buildings, improvements other than buildings, equipment and vehicles and construction in progress, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the District was \$691,302 and \$4,679 was capitalized in connection with the District's construction projects.

Capital assets are defined by the District as assets with initial, individual costs in excess of \$5,000 and estimated useful lives in excess of two years.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)

Capital Assets (continued): Depreciation is computed using the straight-line method over the following estimated useful lives:

<b>Asset Class</b>	<b>Estimated Useful Lives (in Years)</b>
Buildings	40
Improvements other than buildings	20
Equipment	5 - 10
Vehicles	5

The District does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements.

Deferred Outflows of Resources: Deferred outflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the District after the measurement date but before the end of the District's reporting period.

Salaries and Benefits Payable: Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors: Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences: District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2016.

Accrued Interest Payable: Interest on long-term indebtedness is recorded as a liability when the interest is incurred.

Deposits Held in Custody for Others: These deposits consist primarily of funds for student organizations and 260F agreements.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)

Deferred Inflows of Resources: Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Auxiliary Enterprise Revenues and Expenses: Auxiliary enterprise revenues and expenses primarily represent revenues generated and expenses associated with the bookstore, cafeteria, athletics and housing. Revenues are recognized when goods or services are provided.

Summer Session: The District operates summer sessions during May, June and July including Internet sessions. Revenues and expenses for the regular and Internet summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the District Registrar.

Tuition and Fees: Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Income Taxes: The District is exempt from income tax as a local government unit. The Marshalltown Community College District Foundation and the Ellsworth College Foundation have qualified for exemption from income tax under Section 501c (3) of the Internal Revenue Code.

Operating and Non-operating Activities: Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, Pell grants, property tax and interest income.

Transfers: Transfers from agency funds were primarily composed of amounts from student fees used in support of athletics.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officials (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total college basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

### Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest Rate Risk: The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the District.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk: The District's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The District's investment policy seeks to provide safety of the principal, maintain the necessary liquidity to match expected liabilities and obtain a reasonable rate of return. The policy does not allow the District to invest in reverse purchase agreements, futures or options. The District did not have any investments in any one issuer that represents 5% or more of total District investments. Money market funds and mutual funds are excluded from this consideration given that the District does not "hold" the underlying investments.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Cash, Cash Equivalents and Pooled Investments (Continued)

**Custodial Credit Risk:** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. It is the District's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default.

Investments consist principally of certificates of deposit at June 30, 2016 and total \$3,572,000. These investments are included within cash, cash equivalents and pooled investments on the Statement of Net Position.

### Note 3. Inventories

The District's inventories at June 30, 2016 are as follows:

Type	Amount
Merchandise held for resale	\$ 346,386

### Note 4. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2016 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 3,463,786	\$ -	\$ -	\$ 3,463,786
Construction in progress	43,640	452,158	43,640	452,158
<b>Total capital assets not being depreciated</b>	<b>3,507,426</b>	<b>452,158</b>	<b>43,640</b>	<b>3,915,944</b>
Capital assets being depreciated:				
Buildings	79,948,100	153,737	16,629	80,085,208
Improvements other than buildings	1,420,128	111,806	-	1,531,934
Equipment and vehicles	7,237,271	424,930	48,403	7,613,798
<b>Total capital assets being depreciated</b>	<b>88,605,499</b>	<b>690,473</b>	<b>65,032</b>	<b>89,230,940</b>
Less accumulated depreciation for:				
Buildings	26,410,798	2,297,154	1,247	28,706,705
Improvements other than buildings	502,804	48,121	-	550,925
Equipment and vehicles	4,747,841	497,283	48,403	5,196,721
<b>Total accumulated depreciation</b>	<b>31,661,443</b>	<b>2,842,558</b>	<b>49,650</b>	<b>34,454,351</b>
<b>Total capital assets being depreciated, net</b>	<b>56,944,056</b>	<b>(2,152,085)</b>	<b>15,382</b>	<b>54,776,589</b>
<b>Capital assets, net</b>	<b>\$ 60,451,482</b>	<b>\$ (1,699,927)</b>	<b>\$ 59,022</b>	<b>\$ 58,692,533</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Changes in Noncurrent Liabilities

A summary of changes in noncurrent liabilities for the year ended June 30, 2016 is as follows:

	Compensated Absences	Early Retirement Payable	Net OPEB Payable	Net Pension Liability	Certificates Payable	Notes Payable, Revenue and General Obligation Bonds	Total
Balance, beginning of year	\$ 372,991	\$ 947,823	\$ 460,700	\$ 4,212,228	\$ 5,290,000	\$ 18,354,884	\$ 29,638,626
Additions	337,040	1,361,632	2,647	954,717	815,000	-	3,471,036
Reductions	372,991	347,984	-	-	845,000	4,561,134	6,127,109
Balance, end of year	\$ 337,040	\$ 1,961,471	\$ 463,347	\$ 5,166,945	\$ 5,260,000	\$ 13,793,750	\$ 26,982,553
Due within one year	\$ 337,040	\$ 579,933	\$ -	\$ -	\$ 775,000	\$ 4,427,500	\$ 6,119,473

### Notes Payable, Revenue and General Obligation Bonds:

The District has issued notes payable, revenue and general obligation bonds for the purchase and construction of District properties as allowed by Section 260C.19 of the Code of Iowa. Details of scheduled maturities for the District's June 30, 2016 notes payable, revenue and general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2017	\$ 4,427,500	\$ 444,314	\$ 4,871,814
2018	2,232,500	351,498	2,583,998
2019	1,213,750	272,938	1,486,688
2020	520,000	229,688	749,688
2021	310,000	212,136	522,136
Thereafter	5,090,000	964,121	6,054,121
<b>Total</b>	<b>\$ 13,793,750</b>	<b>\$ 2,474,695</b>	<b>\$ 16,268,445</b>

## NOTES TO FINANCIAL STATEMENTS

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### Note 5. Changes in Noncurrent Liabilities (Continued)

#### Notes Payable, Revenue and General Obligation Bonds

Notes payable, revenue and general obligation bonds consisted of the following principal balances as of June 30, 2016:

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General obligation bonds dated April 1, 2009, with interest rates between 2.45% and 3.85%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of June 1, 2019. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	\$ 2,030,000
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Dormitory revenue bonds dated December 1, 2010, with interest rates between 3.00% and 4.65%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of May 1, 2030. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	4,915,000
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Student housing revenue refund bonds dated January 2015, with an interest rate of 3.00%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of May 1, 2027. The real estate, student housing facilities and related personal property are collateral for the debt.	2,400,000
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General obligation bonds dated June 1, 2008, with interest rates between 3.25% and 3.65%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of June 1, 2019. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	2,080,000
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General obligation bonds dated June 2015, with interest rates between 0.75% and 0.90%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of June 1, 2017. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	2,275,000
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U.S. Department of Agriculture, Rural Economic Development loan dated December 2008, with interest rate of 0%. Principal payments in varying amounts are due annually, with a maturity date of May 1, 2018. The revenue stream, real estate, dormitory facilities and related personal property are collateral for the debt.	93,750
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	\$ 13,793,750
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## NOTES TO FINANCIAL STATEMENTS

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### Note 5. Changes in Noncurrent Liabilities

#### Certificates Payable:

Pursuant to agreements dated from May 2008 to December 2015, the District has outstanding certificates totaling \$5,260,000 as of June 30, 2016, with net interest rates ranging from 1.63% to 6.25% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries that are new or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. Amounts due will be paid from anticipated job credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property tax.

The certificates will mature as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 775,000	\$ 20,810	\$ 795,810
2018	785,000	22,195	807,195
2019	885,000	29,695	914,695
2020	550,000	13,510	563,510
2021	550,000	14,685	564,685
Thereafter	1,715,000	52,005	1,767,005
	<u>\$ 5,260,000</u>	<u>\$ 152,900</u>	<u>\$ 5,412,900</u>

Since inception, the District has administered 120 projects, with 16 currently receiving project funding. Of the remaining projects, 104 have been completed and closed.

### Note 6. Operating Leases

The District leases certain property and equipment under operating leases that expire during 2017 and require various maximum annual rentals. Most of the operating leases provide the District with the option to renew the lease at a fair rental value at the end of the initial lease term. Generally, management expects that the leases will be renewed or replaced by other leases in the normal course of business. Minimum payments for operating leases having initial or remaining noncancelable terms in excess of one year are as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2017	\$ 222,332
2018	<u>1,304</u>
	<u>\$ 223,636</u>

Total rent expense for all operating leases was \$261,743 for the year ended June 30, 2016.

## NOTES TO FINANCIAL STATEMENTS

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### **Note 7. Iowa Public Employees Retirement System (IPERS)**

Plan Description: IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits: A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits: A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Iowa Public Employees Retirement System (IPERS) (Continued)

Contributions: Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the District contributed 8.93% of covered payroll for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2016 were \$643,582.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2016, the District reported a liability of \$5,166,945 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the District's proportion was 0.104584%, which was a decrease of 0.001627% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$409,813. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 78,066	\$ -
Changes of assumptions	142,259	-
Net difference between projected and actual earnings on IPERS' investments	-	430,026
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	-	86,358
District contributions subsequent to the measurement date	643,582	-
Total	<u>\$ 863,907</u>	<u>\$ 516,384</u>



## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Iowa Public Employees Retirement System (IPERS) (Continued)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued): \$643,582 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	
2017	\$ (169,582)
2018	(169,582)
2019	(169,582)
2020	210,373
2021	2,314
	<u>\$ (296,059)</u>

There are no non-employer contributing entities at IPERS.

Actuarial Assumptions: The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of inflation (effective June 30, 2014)	3.00% per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Iowa Public Employees Retirement System (IPERS) (Continued)

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Asset Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Core plus fixed income	28 %	2.04 %
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	( 0.71 )
	<u>100 %</u>	

**Discount Rate:** The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	<b>1% Decrease (6.5%)</b>	<b>Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
District's proportionate share of the net pension liability	\$ 9,046,391	\$ 5,166,945	\$ 1,892,414

## NOTES TO FINANCIAL STATEMENTS

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### **Note 7. Iowa Public Employees Retirement System (IPERS) (Continued)**

Pension Plan Fiduciary Net Position: Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org)

Payables to IPERS: At June 30, 2016, the District reported payables to IPERS of \$62,967 for legally required employer contributions and \$41,954 for legally required employee contributions which had been withheld from employee wages which had not yet been remitted to IPERS.

### **Note 8. Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF)**

The District contributes to the TIAA-CREF retirement program, which is a defined contribution pension plan. TIAA-CREF administers the retirement plan for the District. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible District employees must participate in a retirement plan from the date they are employed.

Benefit terms, including contribution requirements, for TIAA-CREF are established and specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa. For each employee in the pension plan, the College is required to contribute 8.93% of annual salary, including overtime pay, to an individual employee account. Each employee is required to contribute 5.95%. Contributions made by both the District and employees vest immediately. For the year ended June 30, 2016, employee contributions totaled \$417,022 and the District recognized pension expense of \$626,074.

At June 30, 2016, the District reported payables to TIAA-CREF of \$32,624 for legally required District contributions and \$21,737 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA-CREF.

### **Note 9. Early Retirement**

The District approved an Early Retirement Incentive Plan (ERIP) effective December 9, 2015. The plan expired on June 30, 2016.

To be eligible for ERIP, an employee must be employed full-time and be 55 years of age with 10 or more years of continuous service with the District. Retirement is to be effective June 30, 2016. Participation must be approved by the Chancellor.

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Early Retirement (Continued)

An employee approved for participation in the program will receive the following incentives:

1. Early Retirement Incentive cash severance amount of the employee's annual salary during the year of the request, based upon the following schedule:

<b>Years of Service</b>	<b>Percentage of Salary</b>
20 or more	100%
15 - 19	90
10-14	80

2. Up to \$500 of the employee's single deductible health insurance premium shall be paid on a monthly basis until the retiree becomes eligible for Medicare.

The employees receive the cash benefits in 36 equal installments commencing on July 15, 2016. The lump-sum payment liability is \$1,156,815 and is recorded as early retirement payable.

The current year cost to the District was \$1,361,632 including 28 participants in the health insurance plan. The liability for the participation in the health plan is \$804,656 and is recorded as early retirement payable. This portion of the liability will be paid over the next eight years. The liability was calculated using the District's share of health premiums at the time of retirement to estimate costs.

### Note 10. Insurance Management Program for Area Community Colleges (IMPACC)

The District is a member of the Insurance Management Program for Area Community Colleges (IMPACC), as allowed by Chapter 504A of the Code of Iowa. IMPACC (Program) is a group self-insurance program whose five members are Iowa Community Colleges. The Program was incorporated in May 1988 for the purpose of managing and funding insurance for its members. The Program provides coverage and protection in the following categories: general liability, employee benefits liability, automobile liability, automobile physical damage, property and inland marine, wrongful acts and educators' legal liability, workers compensation and employer's liability, crime and employee fidelity, equipment breakdown (boiler and machinery), foreign liability and cyber liability. There have been no reductions in insurance coverage from prior years.

Each member's annual contributions to the Program fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Program's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year.

The District's contributions to the Program are recorded as prepaid expense from its operating funds at the time of payment. The District amortizes the expense over the periods for which the Program is expected to provide coverage.

## NOTES TO FINANCIAL STATEMENTS

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### **Note 10. Insurance Management Program for Area Community Colleges (IMPACC) (Continued)**

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self-insured retention of \$100,000 per occurrence for wrongful acts, employee benefits liability and educators' legal liability, \$250,000 per occurrence for workers' compensation and employer's liability and \$200,000 per occurrence for most other claims. First layer excess insurance is \$800,000 per occurrence for property, general and automobile liability, \$900,000 per occurrence for wrongful acts, employee benefits liability and educators' legal liability and \$250,000 per occurrence for workers' compensation. The Program's annual aggregate retention (loss fund) is \$860,000 with stop gap loss protection is provided above the loss fund. There is additional excess insurance for workers' compensation to statutory limits and for liability claims to \$10,000,000 per occurrence. Property is insured with excess coverage over the self-insured retention and underlying layer of up to \$250,000,000 per occurrence. Flood and earthquake exposures are covered in the property program each having \$16,000,000 limits. Also covered is employee fidelity up to \$1,000,000 having a deductible of \$10,000 per member, boiler and machinery coverage up to \$100,000,000 with a deductible of \$10,000 per member loss, foreign travel coverage with limits of \$1,000,000, as well as cyber liability including identity theft protection up to \$1,000,000 annual aggregate per member with a deductible of \$25,000 per member loss.

The Program's intergovernmental contract with its members provides that in the event any claim or series of claims exceeds the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The District does not report a liability for losses in excess of reinsurance unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the District's financial statements. As of June 30, 2016, settled claims have not exceeded the Program's coverage in any of the past three fiscal years.

Members agree to continue membership in the Program for a period of not less than three full years. After such period, a member who has given sufficient notice, in compliance with the By-laws, may withdraw from the Program. Upon withdrawal, payments for all claims and claims expenses for the years of membership continue until all claims for those years are settled.

The District also carries commercial insurance purchased from other insurers for coverage associated with catastrophic, accidental death and dismemberment, and underground storage tanks. The District assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### **Note 11. Other Postemployment Benefits (OPEB)**

Plan Description: The District operates a single-employer health benefit plan which provides medical benefits to all active (219) and retired employees (28). All full-time or regular part-time administrator, faculty, professional service or support staff employees are eligible to participate in the Plan. The retired employees must have terminated service with the District through retirement after the age of 55 and have worked for the District for the most recent 10 consecutive years of service.

The District provides medical benefits through a plan, purchased from Wellmark BlueCross/BlueShield. Retirees under age 65 pay the same premium for the medical benefits as active employees which results in an implicit rate subsidy and an OPEB liability.

## NOTES TO FINANCIAL STATEMENTS

### Note 11. Other Postemployment Benefits (OPEB) (Continued)

Funding Policy: The District establishes and amends contribution requirements. The District pays the single retiree premium until age 65; eligible family is required to contribute 100% of the premium. The current funding policy of the District is to fund benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation: The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year-ended June 30, 2016, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 277,878
Interest on net OPEB obligation	11,518
Adjustment to annual required contribution	(44,235)
Annual OPEB cost	245,161
Contributions made	(242,514)
Increase in net OPEB obligation	2,647
Net OPEB obligation - July 1, 2015	460,700
Net OPEB obligation - June 30, 2016	\$ 463,347

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

For the year ended June 30, 2016, the District contributed \$242,514 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 308,804	71.61%	\$ 461,205
June 30, 2015	237,445	100.00	460,700
<b>June 30, 2016</b>	<b>245,161</b>	<b>98.92</b>	<b>463,347</b>

## NOTES TO FINANCIAL STATEMENTS

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### **Note 11. Other Postemployment Benefits (OPEB) (Continued)**

Funded Status and Funding Progress: As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$1,660,453 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,660,453. The covered payroll (annual payroll of active employees covered by the plan) was \$15,541,379 and the ratio of the UAAL to covered payroll was 10.68%. As of June 30, 2016, there were no trust fund assets.

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate, an annual health care cost trend rate of 6.0%. An inflation rate of 0.0% is assumed for the purpose of this computation.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

Projected claim costs of the medical plan are \$851 per month for retirees less than age 65 and \$347 per month for retirees who have attained age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

### **Note 12. Subsequent Events**

Subsequent events have been evaluated through December 7, 2016, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

## NOTES TO FINANCIAL STATEMENTS

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### **Note 13. Deficit Fund Balance**

The District has a deficit balance in the fund as listed below as of June 30, 2016. Management believes that future transfers from unrestricted current funds will eliminate the deficit balance.

Loan Fund	\$ (3,500)
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## **REQUIRED SUPPLEMENTARY INFORMATION**



**IOWA VALLEY  
COMMUNITY COLLEGE DISTRICT**



**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**Iowa Public Employees' Retirement System**

**Last Two Fiscal Years\***

**(In Thousands)**

**Required Supplementary Information**

	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	<b>0.104584 %</b>	0.106211 %
District's proportionate share of the net pension liability	\$ <b>5,166</b>	\$ 4,212
District's covered-employee payroll	\$ <b>7,144</b>	\$ 6,976
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<b>72.31 %</b>	60.38 %
IPERS' net position as a percentage of the total pension liability	<b>85.19 %</b>	87.61 %

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying Independent Auditor's Report.

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Iowa Public Employees' Retirement System**

**Last Ten Fiscal Years**

**(In Thousands)**

**Required Supplementary Information**

	<b>Year</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Statutorily required contribution	\$ <b>643</b>	\$ 638	\$ 623	\$ 590
Contributions in relation to the statutorily required contribution	<b>(643)</b>	(638)	(623)	(590)
Contribution deficiency (excess)	<b>\$ -</b>	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ <b>7,207</b>	\$ 7,144	\$ 6,976	\$ 6,805
Contributions as a percentage of covered-employee payroll	<b>8.93%</b>	8.93%	8.93%	8.67%

See accompanying Independent Auditor's Report.

<b>Ended June 30,</b>											
2012		2011		2010		2009		2008		2007	
\$	548	\$	432	\$	397	\$	394	\$	370	\$	321
(548)		(432)		(397)		(394)		(370)		(321)	
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	6,791	\$	6,216	\$	5,970	\$	6,205	\$	6,116	\$	5,583
8.07%		6.95%		6.65%		6.35%		6.05%		5.75%	





## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

### Notes to Required Supplementary Information – Pension Liability Year Ended June 30, 2016

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#### *Changes of benefit terms:*

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

#### *Changes of assumptions:*

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF FUNDING PROGRESS**

**FOR THE RETIREE HEALTH PLAN**

**Year Ended June 30, 2016**

**(In Thousands)**

**Required Supplementary Information**

<b>Fiscal Year Ended</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
June 30, 2011	July 1, 2010	\$ -	\$ 2,392	\$ (2,392)	-	\$ 14,005	17.08
June 30, 2012	July 1, 2010	-	2,392	(2,392)	-	14,516	16.48
June 30, 2013	July 1, 2012	-	2,157	(2,157)	-	14,930	14.45
June 30, 2014	July 1, 2012	-	2,157	(2,157)	-	15,369	14.04
June 30, 2015	July 1, 2014	-	2,022	(2,022)	-	15,658	12.91
<b>June 30, 2016</b>	<b>July 1, 2014</b>	<b>-</b>	<b>1,660</b>	<b>(1,660)</b>	<b>-</b>	<b>15,541</b>	<b>10.68</b>

See Note 11 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying Independent Auditor's Report.

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

## **SUPPLEMENTARY INFORMATION**

## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

### Notes to Supplementary Information Year Ended June 30, 2016

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Supplementary information of the District is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. The various fund groups and their designated purposes are as follows:

Current Funds – The Current Funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the District and consist of the following:

*Unrestricted Fund:* The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the District.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the District.

*Restricted Fund:* The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds – The Loan Funds are used to account for loans to students, and are financed primarily by the federal government.

Endowment Funds – The Endowment Funds are used to account for resources, the principal of which is maintained inviolate to conform with restrictions by donors or other outside agencies. Generally, only the income from these funds may be used.

Plant Funds – The Plant Funds are used to account for transactions relating to investment in the District properties, and consist of the following self-balancing accounts:

*Unexpended:* This account is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

*Retirement of Indebtedness:* This account is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

*Investment in Plant:* This account is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds – The Agency Funds are used to account for assets held by the District in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities.

The Budgetary Comparison Schedule of Expenditures – Budget to Actual provides a comparison of the budget to actual expenditures for those funds and/or levies required to be budgeted. Since the District uses Business Type Activities reporting, this budgetary comparison information is included as supplementary information.

**Notes to Supplementary Information (Continued)**  
**Year Ended June 30, 2016**

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Schedules presented in supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in fund balances is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

**BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES -  
BUDGET TO ACTUAL  
Year Ended June 30, 2016**

<b>Funds/Levy</b>	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Between Actual and Amended Budget</b>
Unrestricted	\$ 25,102,222	\$ 20,957,501	\$ 4,144,721
Restricted	9,711,895	3,848,439	5,863,456
Unemployment	44,000	17,007	26,993
Tort liability	189,134	479,237	(290,103)
Insurance	1,127,478	907,006	220,472
Early retirement	345,812	1,361,632	(1,015,820)
Equipment replacement	575,979	372,301	203,678
<b>Total restricted</b>	<b>11,994,298</b>	<b>6,985,622</b>	<b>5,008,676</b>
Plant	3,876,057	1,661,800	2,214,257
Bonds and interest	4,981,447	523,298	4,458,149
<b>Total</b>	<b>\$ 45,954,024</b>	<b>\$ 30,128,221</b>	<b>\$ 15,825,803</b>

**Note to Budgetary Reporting:**

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the District on a basis consistent with U.S. generally accepted accounting principles. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutory prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Workforce Investment Act, Iowa Code 260F Jobs Training, Scholarships and Grants account, Loan Funds and Agency Funds.

For the year-ended June 30, 2016, the District's expenditures did not exceed the amount budgeted.

See accompanying Independent Auditor's Report.

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**BALANCE SHEET - ALL FUNDS**

**June 30, 2016**

	<b>Current Funds</b>	
	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>
<b>Assets</b>		
Cash, cash equivalents and pooled investments	\$ 5,109,511	\$ 4,858,254
Restricted cash reserve	-	264,342
Receivables:		
Accounts, net of allowance of \$5,627,188	794,193	714,439
Property tax:		
Delinquent	9,348	4,561,412
Succeeding year	899,072	2,196,803
Due from other governments	44,850	907,676
Due from other funds	-	342,501
Inventories	346,386	-
Prepaid expenses	459,139	17,152
Capital assets:		
Nondepreciable:		
Land	-	-
Construction in progress	-	-
Depreciable:		
Buildings	-	-
Improvements other than buildings	-	-
Equipment and vehicles	-	-
Accumulated depreciation	-	-
<b>Total assets</b>	<b>7,662,499</b>	<b>13,862,579</b>
Deferred outflows of resources:		
Pension related deferred outflows	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 7,662,499</b>	<b>\$ 13,862,579</b>

See accompanying Independent Auditor's Report.



**Schedule 2**

<b>Non-operating Funds</b>					
<b>Loan Funds</b>	<b>Plant Funds</b>	<b>Agency Funds</b>	<b>Adjustments</b>	<b>Total</b>	
\$ -	\$ 76,401	\$ 337,877	\$ -	\$ 10,382,043	
-	-	-	-	264,342	
-	631,276	177,841	-	2,317,749	
-	52,344	-	-	4,623,104	
-	4,940,583	-	-	8,036,458	
339,001	-	-	-	1,291,527	
-	-	-	(342,501)	-	
-	-	-	-	346,386	
-	-	4,874	-	481,165	
-	3,463,786	-	-	3,463,786	
-	452,158	-	-	452,158	
-	80,085,208	-	-	80,085,208	
-	1,531,934	-	-	1,531,934	
-	7,613,798	-	-	7,613,798	
-	-	-	(34,454,351)	(34,454,351)	
339,001	98,847,488	520,592	(34,796,852)	86,435,307	
-	-	-	863,907	863,907	
\$ 339,001	\$ 98,847,488	\$ 520,592	\$ (33,932,945)	\$ 87,299,214	

# IOWA VALLEY COMMUNITY COLLEGE DISTRICT

## BALANCE SHEET - ALL FUNDS

June 30, 2016

	Current Funds	
	Unrestricted Funds	Restricted Funds
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 116,105	\$ 65,566
Salaries and benefits payable	1,565,048	88,114
Accrued interest payable	-	12,742
Advances from grantors	194,618	1,839,562
Due to other funds	-	-
Early retirement payable	-	1,961,471
Deposits held in custody for others	-	-
Net pension liability	-	-
Compensated absences	337,040	-
Net OPEB liability	380,836	74,939
Certificates payable	-	5,260,000
Notes payable, revenue and general obligation bonds	-	-
<b>Total liabilities</b>	<b>2,593,647</b>	<b>9,302,394</b>
Deferred inflows of resources:		
Succeeding year property tax	899,072	2,196,803
Pension related deferred inflows	-	-
	<b>899,072</b>	<b>2,196,803</b>
Fund balances:		
Net investment in capital assets	-	-
Restricted:		
Expendable:		
Scholarships and fellowships	-	2,648
Cash reserve	-	264,342
Loans	-	-
Iowa Industrial New Jobs Training Program	-	176,160
Other	-	1,920,232
Auxiliary enterprises	1,146,590	-
Unrestricted	3,023,190	-
<b>Total fund balances</b>	<b>4,169,780</b>	<b>2,363,382</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,662,499</b>	<b>\$ 13,862,579</b>

See accompanying Independent Auditor's Report.

**Schedule 2  
(Continued)**

<b>Non-operating Funds</b>					
<b>Loan Funds</b>	<b>Plant Funds</b>	<b>Agency Funds</b>	<b>Adjustments</b>	<b>Total</b>	
\$ -	\$ 42,087	\$ 5,386	\$ -	\$	229,144
-	-	-	-		1,653,162
-	59,949	-	-		72,691
-	-	-	-		2,034,180
342,501	-	-	(342,501)		-
-	-	-	-		1,961,471
-	-	507,634	-		507,634
-	-	-	5,166,945		5,166,945
-	-	-	-		337,040
-	-	7,572	-		463,347
-	-	-	-		5,260,000
-	13,793,750	-	-		13,793,750
342,501	13,895,786	520,592	4,824,444		31,479,364
-	4,940,583	-	-		8,036,458
-	-	-	516,384		516,384
-	4,940,583	-	516,384		8,552,842
-	79,353,134	-	(34,454,351)		44,898,783
-	-	-	-		2,648
-	-	-	-		264,342
(3,500)	-	-	-		(3,500)
-	-	-	-		176,160
-	-	-	-		1,920,232
-	-	-	-		1,146,590
-	657,985	-	(4,819,422)		(1,138,247)
(3,500)	80,011,119	-	(39,273,773)		47,267,008
\$ 339,001	\$ 98,847,488	\$ 520,592	\$ (33,932,945)	\$	87,299,214

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
ALL FUNDS**

**Year Ended June 30, 2016**

	<b>Current Funds</b>		
	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total</b>
Revenues:			
General:			
Tuition and fees	\$ 11,087,247	\$ -	\$ 11,087,247
Federal appropriations	147,321	5,610,519	5,757,840
Iowa Industrial New Jobs Training Program	-	1,448,910	1,448,910
State appropriations	8,975,910	1,532,803	10,508,713
Property tax	875,681	3,030,107	3,905,788
Interest income from investments	47,721	-	47,721
Increase in plant investment due to plant expenditures, including \$475,444 in current fund expenditures	-	-	-
Miscellaneous	1,266,162	486,479	1,752,641
	<u>22,400,042</u>	<u>12,108,818</u>	<u>34,508,860</u>
 Auxiliary enterprises revenue	 4,935,545	 -	 4,935,545
 <b>Total revenues</b>	 <u>27,335,587</u>	 <u>12,108,818</u>	 <u>39,444,405</u>
Expenditures:			
Education and support:			
Liberal arts and sciences	7,720,236	47,988	7,768,224
Vocational technical	2,800,000	1,093,658	3,893,658
Adult education	1,999,891	1,596,522	3,596,413
Cooperative services	-	1,305,891	1,305,891
Administration	1,095,674	3,150,212	4,245,886
Student services	1,859,023	493,859	2,352,882
Learning resources	334,859	1,000	335,859
Physical plant	2,269,501	16,257	2,285,758
General institution	2,878,317	18,214	2,896,531
Scholarships and grants	-	4,240,755	4,240,755
	<u>20,957,501</u>	<u>11,964,356</u>	<u>32,921,857</u>

**Schedule 3**

<b>Non-operating Funds</b>			
<b>Loan Funds</b>	<b>Plant Funds</b>	<b>Adjustments</b>	<b>Total</b>
\$ -	\$ -	\$ (4,240,755)	\$ 6,846,492
-	-	-	5,757,840
-	-	-	1,448,910
-	108,742	-	10,617,455
-	5,050,142	-	8,955,930
-	-	-	47,721
-	1,098,991	(1,098,991)	-
111,813	396,689	-	2,261,143
111,813	6,654,564	(5,339,746)	35,935,491
-	-	-	4,935,545
111,813	6,654,564	(5,339,746)	40,871,036
-	-	(44,859)	7,723,365
-	-	(145,621)	3,748,037
-	-	-	3,596,413
-	-	-	1,305,891
-	-	(175,572)	4,070,314
-	-	(180,771)	2,172,111
-	-	(21,588)	314,271
-	929,580	(22,430)	3,192,908
-	-	(76,615)	2,819,916
-	-	(4,240,755)	-
-	929,580	(4,908,211)	28,943,226

(Continued on next page)

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
ALL FUNDS**

**Year Ended June 30, 2016**

	<b>Current Funds</b>		
	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total</b>
Expenditures (Continued):			
Auxiliary enterprises	\$ 4,859,821	\$ -	\$ 4,859,821
Loan cancellations and bad debt	-	-	-
Depreciation	-	-	-
Interest on indebtedness	-	168,004	168,004
Plant asset acquisitions	-	-	-
Disposal of plant assets	-	-	-
Loss on disposal of capital assets	-	-	-
<b>Total expenditures</b>	<b>25,817,322</b>	<b>12,132,360</b>	<b>37,949,682</b>
Transfers among funds, including \$259,383 from agency funds	(1,048,810)	111,235	(937,575)
<b>Net increase (decrease) for the year</b>	<b>469,455</b>	<b>87,693</b>	<b>557,148</b>
Fund balances beginning of year	3,700,325	2,275,689	5,976,014
Fund balances end of year	<u>\$ 4,169,780</u>	<u>\$ 2,363,382</u>	<u>\$ 6,533,162</u>

See accompanying Independent Auditor's Report.

**Schedule 3  
(Continued)**

<b>Non-operating Funds</b>			
<b>Loan Funds</b>	<b>Plant Funds</b>	<b>Adjustments</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ 4,859,821
111,813	-	-	111,813
-	-	2,842,558	2,842,558
-	523,298	-	691,302
-	667,188	(667,188)	-
-	65,032	(65,032)	-
-	-	15,382	15,382
111,813	2,185,098	(2,782,491)	37,464,102
-	1,196,958	-	259,383
-	5,666,424	(2,557,255)	3,666,317
(3,500)	74,344,694	(36,716,517)	43,600,691
\$ (3,500)	\$ 80,011,118	\$ (39,273,772)	\$ 47,267,008

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
UNRESTRICTED FUND  
EDUCATION AND SUPPORT  
Year Ended June 30, 2016**

	<b>Education</b>		
	<b>Liberal Arts and Sciences</b>	<b>Vocational Technical</b>	<b>Adult Education</b>
Revenues:			
Tuition and fees	\$ 6,711,625	\$ 3,168,391	\$ 907,209
Federal appropriations	-	-	147,321
State appropriations	-	-	-
Property tax	-	-	-
Interest income from investments	-	-	-
Miscellaneous	4,752	12,067	153,051
<b>Total revenues</b>	<b>6,716,377</b>	<b>3,180,458</b>	<b>1,207,581</b>
Expenditures:			
Salaries and benefits	6,659,840	2,531,946	1,569,292
Services	230,870	37,189	318,077
Materials and supplies	66,651	161,547	86,206
Travel	31,229	38,345	21,019
Plant asset acquisitions	-	5,639	-
Miscellaneous	731,646	25,334	5,297
<b>Total expenditures</b>	<b>7,720,236</b>	<b>2,800,000</b>	<b>1,999,891</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,003,859)</b>	<b>380,458</b>	<b>(792,310)</b>
Transfers, non-mandatory	(703,272)	-	-
<b>Net change in fund balances</b>	<b>\$ (1,707,131)</b>	<b>\$ 380,458</b>	<b>\$ (792,310)</b>

Fund balance beginning of year

Fund balance end of year

See accompanying Independent Auditor's Report.



**Schedule 4**

<b>General Adminis- tration</b>	<b>Support</b>				<b>Education and Support Total</b>
	<b>Student Services</b>	<b>Learning Resources</b>	<b>Physical Plant</b>	<b>General Institution</b>	
\$ -	\$ 83,167	\$ -	\$ -	\$ 216,855	\$ 11,087,247
-	-	-	-	-	147,321
8,975,910	-	-	-	-	8,975,910
875,681	-	-	-	-	875,681
47,721	-	-	-	-	47,721
982,944	18,139	5,012	88,812	1,385	1,266,162
10,882,256	101,306	5,012	88,812	218,240	22,400,042
924,477	1,680,336	233,956	1,668,755	1,909,555	17,178,157
194,983	67,842	32,435	430,589	842,702	2,154,687
13,846	51,424	68,368	167,181	50,152	665,375
30,612	21,774	100	2,976	18,095	164,150
-	-	-	-	-	5,639
(68,244)	37,647	-	-	57,813	789,493
1,095,674	1,859,023	334,859	2,269,501	2,878,317	20,957,501
9,786,582	(1,757,717)	(329,847)	(2,180,689)	(2,660,077)	1,442,541
(45,000)	-	-	(426,225)	(191,569)	(1,366,066)
\$ 9,741,582	\$ (1,757,717)	\$ (329,847)	\$ (2,606,914)	\$ (2,851,646)	76,475
					2,946,715
					<u>\$ 3,023,190</u>

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
UNRESTRICTED FUND  
AUXILIARY ENTERPRISES  
Year Ended June 30, 2016**

	<b>Bookstore</b>	<b>Cafeteria Vending</b>	<b>Athletics</b>
Revenues:			
Tuition and fees	\$ -	\$ -	\$ -
Sales and services	1,118,035	852,234	19,812
Miscellaneous	1,465	35,521	318,147
<b>Total revenues</b>	<b>1,119,500</b>	<b>887,755</b>	<b>337,959</b>
Expenditures:			
Salaries and benefits	141,836	-	513,607
Services	39,338	829,792	221,033
Materials and supplies	1,315	5,726	182,443
Travel	709	-	327,389
Plant asset acquisitions	-	9,202	14,565
Purchases for resale	810,546	-	15,627
Miscellaneous	73,649	(145)	61,039
<b>Total expenditures</b>	<b>1,067,393</b>	<b>844,575</b>	<b>1,335,703</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>52,107</b>	<b>43,180</b>	<b>(997,744)</b>
Transfers among funds, non-mandatory	(102,000)	-	1,095,777
<b>Net change in fund balances</b>	<b>(49,893)</b>	<b>43,180</b>	<b>98,033</b>
Fund balances beginning of year	364,279	438,118	121,879
Fund balances end of year	\$ 314,386	\$ 481,298	\$ 219,912

See accompanying Independent Auditor's Report.

**Schedule 5**

<b>Housing</b>	<b>Other</b>	<b>Total</b>
\$ 6,424	\$ 83,202	\$ 89,626
1,880,990	248,137	4,119,208
900	370,678	726,711
1,888,314	702,017	4,935,545
315,899	517,072	1,488,414
151,050	117,493	1,358,706
82,240	108,296	380,020
434	1,681	330,213
66,244	60,956	150,967
-	646	826,819
184,859	5,280	324,682
800,726	811,424	4,859,821
1,087,588	(109,407)	75,724
(970,733)	294,212	317,256
116,855	184,805	392,980
1,754,812	(1,925,478)	753,610
\$ 1,871,667	\$ (1,740,673)	\$ 1,146,590

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
RESTRICTED FUND**

**Year Ended June 30, 2016**

	<b>Insurance</b>	<b>Unemployment Compensation</b>	<b>Early Retirement</b>	<b>Equipment Replacement</b>
Revenues:				
Federal appropriations	\$ -	\$ -	\$ -	\$ -
Iowa Industrial New Jobs Training Program	-	-	-	-
State appropriations	25,253	706	6,861	7,855
Property tax	1,251,164	34,982	1,354,771	389,190
Miscellaneous	-	-	-	5,433
<b>Total revenues</b>	<b>1,276,417</b>	<b>35,688</b>	<b>1,361,632</b>	<b>402,478</b>
Expenditures:				
Salaries and benefits	-	17,007	1,361,632	-
Services	1,388,951	-	-	-
Materials and supplies	5,522	-	-	201,530
Travel	-	-	-	-
Plant asset acquisitions	4,801	-	-	170,771
Interest on indebtedness	-	-	-	-
Scholarships and grants	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total expenditures</b>	<b>1,399,274</b>	<b>17,007</b>	<b>1,361,632</b>	<b>372,301</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(122,857)</b>	<b>18,681</b>	<b>-</b>	<b>30,177</b>
Transfers:				
Non-mandatory transfers in	-	-	-	-
Non-mandatory transfers (out)	-	-	-	-
<b>Net change in fund balances</b>	<b>(122,857)</b>	<b>18,681</b>	<b>-</b>	<b>30,177</b>
Fund balance beginning of year	288,183	95,260	-	467,017
Fund balance end of year	\$ 165,326	\$ 113,941	\$ -	\$ 497,194

See accompanying Independent Auditor's Report.

**Schedule 6**

<b>Cash Reserve</b>	<b>Iowa Industrial New Jobs Training Program</b>	<b>Workforce Investment Act and Promise Jobs</b>	<b>Scholarships</b>	<b>Other</b>	<b>Total</b>
\$ -	\$ -	\$ 900,878	\$ 3,986,458	\$ 723,183	\$ 5,610,519
-	1,448,910	-	-	-	1,448,910
-	-	-	-	1,492,128	1,532,803
-	-	-	-	-	3,030,107
-	150,857	-	167,790	162,399	486,479
-	1,599,767	900,878	4,154,248	2,377,710	12,108,818
-	-	750,911	595	1,446,223	3,576,368
-	1,280,906	33,496	-	302,304	3,005,657
-	-	14,867	-	170,614	392,533
-	-	12,029	-	35,279	47,308
-	-	-	-	148,212	323,784
-	168,004	-	-	-	168,004
-	-	-	4,121,445	202,501	4,323,946
-	-	89,575	118,715	86,470	294,760
-	1,448,910	900,878	4,240,755	2,391,603	12,132,360
-	150,857	-	(86,507)	(13,893)	(23,542)
-	-	-	109,213	153,232	262,445
-	(129,112)	-	(22,098)	-	(151,210)
-	21,745	-	608	139,339	87,693
264,342	154,415	1,649	2,040	1,002,783	2,275,689
\$ 264,342	\$ 176,160	\$ 1,649	\$ 2,648	\$ 1,142,122	\$ 2,363,382

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS -  
AGENCY FUNDS  
Year Ended June 30, 2016**

	<b>Student Clubs and Organizations</b>	<b>Iowa Small Business New Jobs Training Program</b>	<b>Federal Direct Student Loan Program</b>
Balances, beginning of year	\$ 178,206	\$ 163,896	\$ -
Additions:			
Tuition and fees	148,374	-	-
Federal appropriations	-	-	5,223,632
State appropriations	-	144,637	-
Sales and service	-	-	-
Interest income from investments	-	-	-
Miscellaneous	75,676	-	-
Transfers in	268,221	-	-
<b>Total additions</b>	<b>492,271</b>	<b>144,637</b>	<b>5,223,632</b>
Deductions:			
Salaries and benefits	-	-	-
Services	26,220	113,365	5,223,632
Materials and supplies	3,450	-	-
Travel	15,385	-	-
Scholarships and grants	-	-	-
Miscellaneous	48,337	-	-
Transfers out	293,379	-	-
<b>Total deductions</b>	<b>386,771</b>	<b>113,365</b>	<b>5,223,632</b>
<b>Net additions and deductions</b>	<b>105,500</b>	<b>31,272</b>	<b>-</b>
<b>Balances, end of year</b>	<b>\$ 283,706</b>	<b>\$ 195,168</b>	<b>\$ -</b>

See accompanying Independent Auditor's Report.

## Schedule 7

<b>Other</b>		<b>Total</b>	
\$	211,747	\$	553,849
	175,111		323,485
	-		5,223,632
	-		144,637
	697		697
	655		655
	458,733		534,409
	-		268,221
	635,196		6,495,736
	371,882		371,882
	93,515		5,456,732
	22,030		25,480
	2,575		17,960
	39,147		39,147
	54,811		103,148
	234,223		527,602
	818,183		6,541,951
	(182,987)		(46,215)
\$	28,760	\$	507,634

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF CREDIT AND CONTACT HOURS \***

**Period Ended August 14, 2016**

<b>Category</b>	<b>Credit Hours</b>		<b>Total</b>
	<b>Eligible for Aid</b>	<b>Not Eligible for Aid</b>	
Arts and Sciences	43,512	-	43,512
Vocational Education	17,040	-	17,040
Adult/Continuing Education	-	-	-
Relative services and activities	-	-	-
	60,552	-	60,552

\* The schedule of credit and contact hours is presented on an academic year basis rather than on the fiscal year in accordance with reporting requirements required by the Iowa Department of Education.

See accompanying Independent Auditor's Report.



**Schedule 8**

<b>Contact Hours</b>		
<b>Eligible for Aid</b>	<b>Not Eligible for Aid</b>	<b>Total</b>
819,297	-	819,297
423,561	-	423,561
217,508	70,555	288,063
-	12,296	12,296
1,460,366	82,851	1,543,217

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES  
For the Last Ten Years**

	<b>Year Ended</b>			
	<b>2016</b>	2015	2014	2013
Local (property tax)	\$ 8,955,930	\$ 7,554,817	\$ 7,643,989	\$ 7,940,965
State	10,617,455	11,978,042	10,132,422	9,322,882
Federal	5,757,840	6,569,644	6,604,255	7,442,415
<b>Total</b>	<b>\$ 25,331,225</b>	<b>\$ 26,102,503</b>	<b>\$ 24,380,666</b>	<b>\$ 24,706,262</b>

See accompanying Independent Auditor's report

**Schedule 9**

<b>June 30,</b>						
	2012		2011		2010	
\$	7,819,243	\$	8,158,905	\$	8,387,272	\$
	8,216,581		8,404,161		8,339,792	
	8,534,320		10,537,603		9,031,124	
\$	24,570,144	\$	27,100,669	\$	25,758,188	\$
					23,346,628	
					20,796,565	
					16,110,204	

# IOWA VALLEY COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF CURRENT FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

For the Last Ten Years

	2016	2015	2014	2013
Revenues:				
Tuition and fees	\$ 11,087,247	\$ 11,690,583	\$ 12,072,785	\$ 12,878,517
Federal appropriations	5,757,840	6,569,644	6,604,255	7,442,415
Iowa Industrial New Jobs				
Training Program	1,448,910	2,866,008	191,781	355,490
State appropriations	10,508,713	11,732,929	9,621,103	8,752,513
Property tax	3,905,788	2,484,304	2,600,044	2,919,367
Interest income on investments	47,721	20,420	7,816	22,903
Auxiliary enterprises	4,935,545	4,960,778	5,200,291	5,480,533
Miscellaneous	1,752,641	1,753,319	1,672,299	1,724,202
<b>Total</b>	<b>\$ 39,444,405</b>	<b>\$ 42,077,985</b>	<b>\$ 37,970,374</b>	<b>\$ 39,575,940</b>
Expenditures:				
Liberal arts and sciences	\$ 7,768,224	\$ 8,155,821	\$ 8,248,314	\$ 8,035,736
Vocational technical	3,893,658	4,153,170	3,433,801	3,206,456
Adult education	3,596,413	3,827,531	3,727,980	3,883,853
Cooperative services	1,305,891	2,677,046	124,136	232,393
Administration	4,245,886	3,098,039	3,047,019	2,947,224
Student services	2,352,882	2,252,800	2,046,400	1,942,928
Learning resources	335,859	373,034	344,221	340,683
Physical plant	2,285,758	2,290,254	2,320,602	2,276,583
General institution	2,896,531	2,976,277	2,815,296	2,749,662
Auxiliary enterprises	4,859,821	5,322,457	5,229,251	5,581,531
Scholarships and grants	4,240,755	5,058,242	5,277,670	5,948,672
Interest on indebtedness	168,004	178,701	88,609	129,520
<b>Total</b>	<b>\$ 37,949,682</b>	<b>\$ 40,363,372</b>	<b>\$ 36,703,299</b>	<b>\$ 37,275,241</b>

See accompanying Independent Auditor's Report.

**Schedule 10**

<b>Year Ended June 30,</b>					
2012	2011	2010	2009	2008	2007
\$ 12,568,466	\$ 12,415,322	\$ 11,840,096	\$ 10,569,489	\$ 9,722,717	\$ 9,308,933
8,534,320	10,272,918	9,031,124	5,635,737	5,398,207	4,961,791
187,996	734,179	755,284	126,998	443,054	849,651
7,802,779	7,600,479	7,454,587	9,135,825	8,790,312	8,076,377
2,869,835	3,352,247	3,414,606	3,117,447	2,676,194	2,285,177
25,589	29,730	85,802	168,850	342,254	468,224
4,940,960	5,300,121	4,301,360	3,540,993	3,096,711	3,094,615
1,968,213	2,017,103	2,334,461	2,586,400	2,700,872	1,981,019
<b>\$ 38,898,158</b>	<b>\$ 41,722,099</b>	<b>\$ 39,217,320</b>	<b>\$ 34,881,739</b>	<b>\$ 33,170,321</b>	<b>\$ 31,025,787</b>
\$ 7,362,342	\$ 7,039,930	\$ 6,563,330	\$ 6,608,653	\$ 6,277,936	\$ 5,704,349
3,267,483	4,062,416	3,335,223	3,516,374	3,117,830	2,764,019
3,910,942	4,005,771	4,385,891	4,325,487	4,353,103	4,357,449
116,148	139,859	906,370	123,438	547,971	722,804
3,254,711	3,760,728	4,185,175	3,843,730	2,846,141	2,609,614
2,125,020	1,898,797	2,226,385	2,595,514	2,668,599	2,505,632
362,148	308,779	403,881	531,358	485,317	502,383
2,013,582	2,416,501	2,026,131	1,980,232	1,846,972	1,792,134
2,699,167	3,287,024	3,160,641	2,797,377	2,930,965	2,614,364
5,237,646	5,889,583	5,004,438	3,906,825	3,328,213	3,257,506
6,069,431	6,708,968	5,737,046	3,674,622	3,136,390	2,850,073
169,266	213,873	226,201	259,135	303,319	362,595
<b>\$ 36,587,886</b>	<b>\$ 39,732,229</b>	<b>\$ 38,160,712</b>	<b>\$ 34,162,745</b>	<b>\$ 31,842,756</b>	<b>\$ 30,042,922</b>

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

<b>Federal Grantor/Pass-Through Grantor/Program Name</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>	<b>New Loans</b>
Direct:			
U.S. Department of Education:			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	\$ 136,802	\$ -
Federal Direct Student Loans	84.268	-	5,223,632
Federal Work-Study Program (FWS)	84.033	116,201	-
Federal Pell Grant Program	84.063	3,733,454	-
<b>Total Student Financial Assistance Cluster</b>		<b>3,986,457</b>	<b>5,223,632</b>
TRIO Student Support Services	84.042	364,286	-
<b>Total direct</b>		<b>4,350,743</b>	<b>5,223,632</b>
Indirect:			
U.S. Department of Education:			
Iowa Department of Education:			
Carl Perkins	84.048A	83,929	-
Iowa Adult Education and Family Literacy Act (AEFLA)	84.002	126,363	-
AEFLA: Teacher Training (Effectiveness)	84.002	2,969	-
AEFLA: Information Management	84.002	842	-
AEFLA: Technology Grant	84.002	2,976	-
EL/Civics	84.002	14,171	-
<b>Total Iowa Department of Education</b>		<b>231,250</b>	<b>-</b>
U.S. Department of Labor:			
Iowa Workforce Development:			
Workforce Investment Act (WIA) Cluster:			
Adult Formula and Statewide	17.258	118,949	-
Youth and Statewide	17.259	216,183	-
Discretionary	17.260	109,041	-
General Administration	17.260	51,150	-
National Dislocated Worker Grant (SP-NEG)	17.277	679	-
Job Driven National Emergency Grant	17.277	26,147	-
<b>Total Workforce Investment Act (WIA) Cluster</b>		<b>522,149</b>	<b>-</b>

(Continued on next page)

## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Schedule 11  
(Continued)

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

<b>Federal Grantor/Pass-Through Grantor/Program Name</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>	<b>New Loans</b>
Indirect (Continued):			
U.S. Department of Labor (continued):			
Des Moines Area Community College:			
Trade Adjustment Assistance Community College and Career Training	17.282	\$ 116,982	\$ -
Hawkeye Community College:			
Trade Adjustment Assistance Community College and Career Training		150,406	-
<b>Total U.S. Department of Labor</b>		<u>789,537</u>	<u>-</u>
U.S. Department of Health and Human Services:			
Iowa Workforce Development:			
Job Opportunities and Basic Skills Training (Promise Jobs)	93.558	<u>378,730</u>	<u>-</u>
U.S. National Science Foundation:			
Iowa State University:			
Louis Stokes Alliances for Minority Participation (LSAMP)	47.076	<u>7,579</u>	<u>-</u>
<b>Total indirect</b>		<u>1,407,096</u>	<u>-</u>
<b>Total</b>		<u>\$ 5,757,839</u>	<u>\$ 5,223,632</u>

**Basis of Presentation** - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Iowa Valley Community College District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Iowa Valley Community College District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Iowa Valley Community College District.

**Summary of Significant Accounting Policies** – Expenditures reported in the Schedule are reported on a modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Iowa Valley Community College District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying Independent Auditor's Report.





**IOWA VALLEY  
COMMUNITY COLLEGE DISTRICT**



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**Independent Auditor's Report  
on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
Government Auditing Standards**

To the Board of Directors of  
Iowa Valley Community College District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Iowa Valley Community College District, Marshalltown, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2016.

The financial statements of Marshalltown Community College District Foundation and Ellsworth College Foundation (Foundations) have not been audited, and we were not engaged to audit the Foundations' financial statements as part of our audit of the District's basic financial statements. The Foundations' financial activities are included in the District's basic financial statements as discretely presented component units and represent 100% of the assets, net assets and revenues of the District's aggregate discretely presented component units.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Iowa Valley Community College District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iowa Valley Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of Iowa Valley Community College District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Iowa Valley Community College District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iowa Valley Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Schnum & Company, LLP*

Fort Dodge, Iowa  
December 7, 2016



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**Independent Auditor's Report on  
Compliance for Each Major Federal Program  
and on Internal Control over Compliance  
Required by the Uniform Guidance**

To the Board of Directors of  
Iowa Valley Community College District:

Report on Compliance for Each Major Federal Program

We have audited Iowa Valley Community College District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. Iowa Valley Community College District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibilities

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibilities

Our responsibility is to express an opinion on compliance for each of Iowa Valley Community College District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Iowa Valley Community College District's compliance.

Opinion on Each Major Federal Program

In our opinion, Iowa Valley Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## Report on Internal Control Over Compliance

The management of Iowa Valley Community College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Iowa Valley Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the audit procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Iowa Valley Community College District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Schnum & Company, LLP*

Fort Dodge, Iowa  
December 7, 2016

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2016**

**Part I: Summary of the Independent Auditor's Results:**

- (a) An unmodified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose audit findings that are required to be reported in accordance with the Uniform Guidance, Section 200.515.
- (g) Major programs were as follows:  
Student Financial Assistance Cluster
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Iowa Valley Community College District qualified as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**Internal Control Deficiencies**

No matters were reported.

**Instances of Non-compliance**

No matters were reported.

**Schedule of Findings and Questioned Costs  
(Continued)  
Year Ended June 30, 2016**

**Part III: Findings and Questioned Costs For Federal Awards:**

**Internal Control Deficiencies**

No matters were reported.

**Instances of Noncompliance**

No matters were reported.

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-16 Certified Budget – Expenditures for the year ended June 30, 2016 did not exceed the amount budgeted.
- IV-B-16 Questionable Disbursements – No expenditures we believe did not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-16 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-16 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-16 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-16 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-16 Publication – The District published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- IV-H-16 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District’s investment policy were noted.
- IV-I-16 Credit and Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the District for the period ended August 14, 2016 were supported by detailed records maintained by the District.